

DEFENSE LOGISTICS AGENCY

NOVEMBER – DECEMBER 2011

LOGLINES

BEST PRACTICES

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FIFTY YEARS OF
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POSTER



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from the **DIRECTOR**

Navy Vice Adm. Alan S. Thompson, SC, USN Director, Defense Logistics Agency

Our customers face the challenges of continuing to operate in austere locations while reconstituting key assets that have been used heavily over the past decade.

DLA has incredible bench strength in its talented workforce and seasoned leadership team. Uniting these components under the "We Are DLA" banner harnessed the tremendous capabilities of this great agency for the benefit of our armed forces. We have worked together, each serving as an ambassador to educate customers, stakeholders and industry partners on the full spectrum of DLA's logistics solutions so they can remain focused on the mission and leave the details to us.

You have served at home, abroad and deployed to the battlefield to provide service members support worthy of their sacrifice. And when we were challenged by intensifying fiscal pressures, you pitched in, examined

business procedures and benchmarked best practices to get even more value out of each taxpayer dollar spent on logistics.

Intensified focus on warfighter support, stewardship excellence and workforce development through the lens of my yearly Director's Guidance has enabled DLA to continue providing world-class logistics solutions that keep pace with warfighters' requirements. The recently released Fiscal 2012 Director's Guidance will continue to steer our course as DLA encounters what I expect will be another chapter of challenges in the department's history.

This will be my last message to you as DLA's director. I am deeply honored to have served alongside some of the most committed individuals in the Defense Department, and I extend my sincere appreciation to all DLA team members for your dedication, determination and willingness to serve warfighters. *

LOGLINES

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A Sailor gathers a fuel sample in a glass jar during an underway replenishment with the fleet replenishment oiler USNS *Leroy Grumman* in the Atlantic Ocean. Energy Convergence, a program under DLA's enterprise resource planning solution, is bringing all of DLA Energy's business processes into the Enterprise Business System.

Navy Seaman Gregory M. Wilhelm

System Upgrades

Story by Sara Moore

For years, the Defense Logistics Agency's level of operations has been on par with commercial retailers like Wal-Mart and Federal Express, but several years ago, the agency realized it had a few things to learn from these commercial retailers when it came to customer-focused supply chain management.

For years, commercial retailers have used systems, often called enterprise resource planning solutions, that give vendors and suppliers access to real-time inventory and customer preference information that helps them keep their shelves stocked. These systems help

retailers stay customer focused and proactive in managing their supply chains, explained Air Force Lt. Col. Benjamin Davis, deputy program executive officer in DLA Information Operations. For example, in Wal-Mart's system, purchases made at each store are communicated to the company's central system, which in turn communicates with vendors and lets them know to restock the stores. In this way, Wal-Mart uses a "push" system instead of a "pull" system, he said.

"That's something that DLA has struggled with," Davis said. "DLA has always been focused on wholesale, massive

supply stuff, but the customers have always wanted individualized treatment."

After studying industry practices, DLA started its own push to implement an ERP in 2002 with the Business Systems Modernization program. BSM was designed to lay the foundation for a good ERP onto which additional capabilities could be added as time went on, said Patricia Whitington, Enterprise Procurement and Enterprise Development Integration Office program manager in the DLA Information Operations Program Executive Office. BSM replaced the Standard Automated Materiel Management and Defense Integrated

One goal of Business Systems Modernization was developing an agile infrastructure that would provide better support than what it was replacing.

Subsistence Management systems with commercial off-the-shelf software and state-of-the-art technologies.

"The thrust at that time was looking at ERPs that were out there and also to bring in the best practices, not only best practices that we have in the government, but best practices in the industry," said Whitington, who worked on the functional side of BSM during its early days.

The agency had several goals behind implementing BSM, one of which was to develop an agile infrastructure that would be able to provide better support than the systems it was replacing, Whitington said. Those legacy systems were becoming more expensive to maintain and didn't use the same standards across the different versions, she said.

"It was very difficult to improve as an enterprise moving forward if you couldn't measure yourself and have standard business practices and processes," she said.

Whitington became the program manager for BSM in 2005 and served in that position until the program was completed in 2007 and evolved into the Enterprise Business System, which has

been the agency's ERP solution since then. To keep the system stable during its early stages, DLA waited to do a technical upgrade until after transitioning to EBS, Whitington said. The upgrade allowed the team to begin adding capabilities to the system, the first of which was the enterprise operational accounting system, an enhancement that added all the accounting functions and business areas not covered by BSM.

Since then, many new programs have been added to the ERP and are in varying stages of completion, Davis said. EProcurement, the agency's standard automated procurement system, has gone through several preliminary releases and was scheduled for its first major release in October. Energy Convergence, which brings DLA Energy's business processes into EBS, is getting close to its first release. Inventory Management and Stock Positioning, which supports the consumer-level supply, storage and distribution responsibilities that were assumed as a result of the 2005 Base Realignment and Closure legislation, is currently being released to the military

services. The Real Property program, which manages DLA's facilities, is close to full deployment.

The collective goal of all these programs is to help DLA become a more customer-focused, proactive supply chain manager in the model of commercial retailers, Davis said.

Whitington agreed, noting that the agency has already made significant progress toward those goals as EBS has been expanded and upgraded. She said one of the biggest improvements she's seen is the implementation of standardized business processes, which gives DLA common metrics to measure success across the enterprise. The cultural shift has been notable, she said.

"It has also changed us to be very customer focused and supplier focused," she said. "Not that we weren't so much supplier focused before, but it really devoted a lot to looking at our customers, looking at supply planning. I don't think we had a robust system back then. So now we're able to do some things like demand collaboration, and we're able to reduce some of our inventory based on bringing in an ERP."

EBS is a long-term solution for DLA, Whitington said, and as existing programs are developed and deployed, the agency will be looking at new programs to add to the system to expand its capabilities.

"The advantage of an ERP is having a basic system and then ... many different modules, which you can bring into the agency to help improve your business and support to the warfighter," she said. "We'll be looking at new capabilities and bringing them in in the future." ♦

Air Force Staff Sgt. Brian Ferguson



Soldiers provide security on their way to a canal project site in Zabul province, Afghanistan. DLA's enterprise resource planning solution is helping the agency become more customer focused and improve its support to troops around the world.

Going Once, Going Twice ...

Bought by DLA

Story by Jonathan Stack

Defense Logistics Agency Troop Support Deputy Commander Richard Ellis is known throughout his organization as the father of reverse auctions. As a taxpayer, he said, he tries to do things smartly to save taxpayers' money.

One way DLA does this is through reverse auctions, a Web-based pricing tool that fosters competition between contractors to reduce the price the government pays for a particular item. DLA

began using them in 2009.

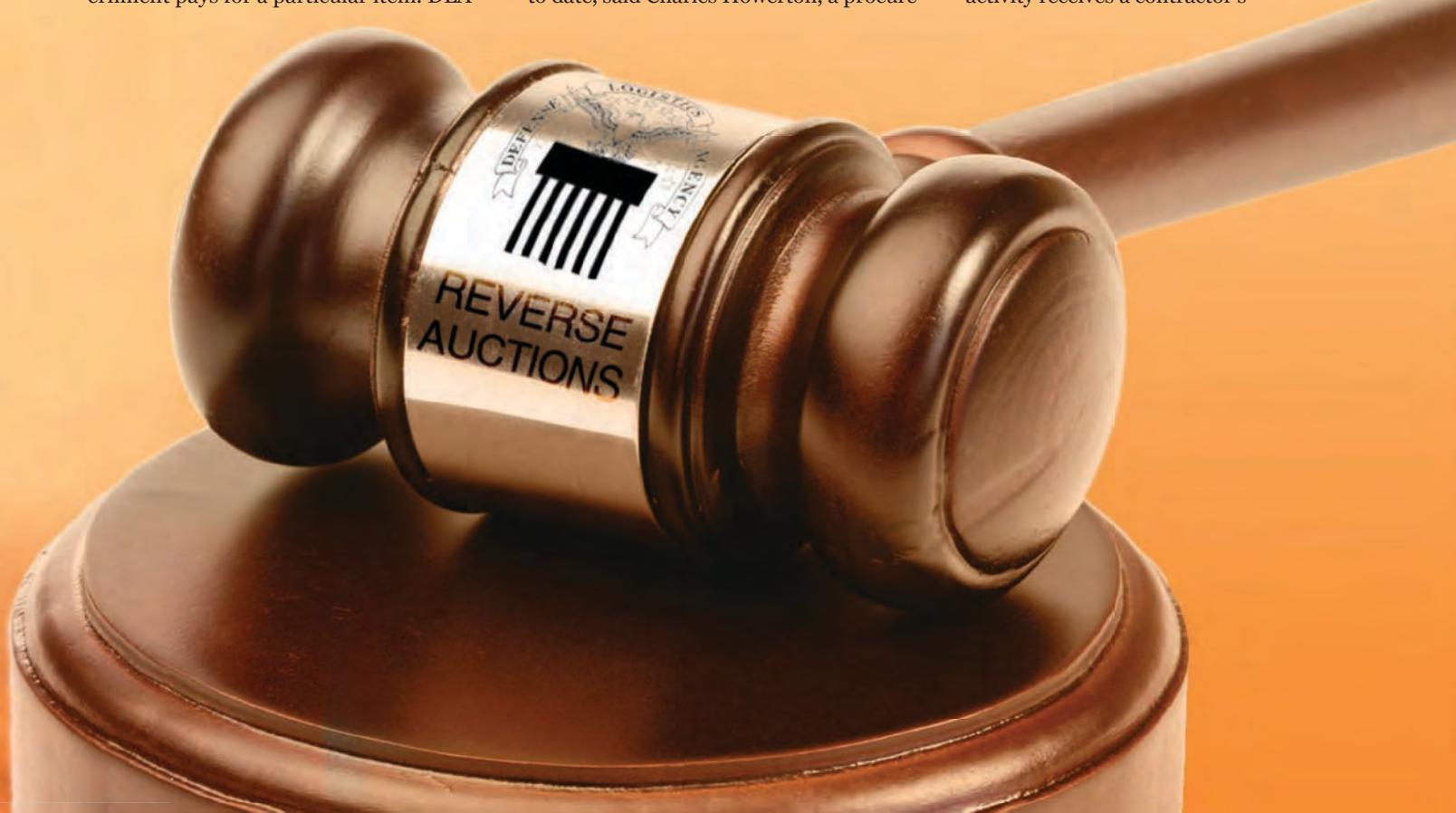
"We have historically saved 20 to 25 percent for material we buy using reverse auctions," Ellis said. "There have been auctions where there've been no savings, and there've been auctions where there was a 65 percent savings."

DLA Troop Support leaders felt reverse auctions could reduce acquisition costs to the agency by a substantial amount, and DLA has saved \$3.5 million to date, said Charles Howerton, a procure-

ment and systems analyst with DLA Acquisition and program manager for the reverse auction initiative.

"The overriding consideration and reason for using reverse auctions is reducing material cost," Ellis said. "DLA is in an environment where operating and material costs have to be reduced, and the auctions are a way to reduce material cost."

When a DLA primary-level field activity receives a contractor's



proposal, the proposal is loaded into the reverse auction tool and a date and time is set for the auction, Ellis said. During this time, other contractors have the opportunity to offer a lower price for the contract.

With this tool, there is a “quiet time” of five minutes. If anybody bids during that time, the auction automatically extends for another five minutes. That continues until nobody bids for five minutes. Auctions typically last about 30 minutes.

“[The contractors] can actually see the lowest bid, but they don’t know who it is,” Ellis said. “They can make an informed decision to whether they can go lower and still make a profit and if it’s in their best interest to reduce their price.”

For example, if two contractors are in an auction and the bid is \$10 to produce a widget, one contractor can bid \$9.95 for the same widget. The other knows what its operating costs are and how much lower it can go,

Howerton said.

“Reverse auctions don’t fit universally,” he said. “[They fit] in certain environments where you have a strong competitive base.”

Howerton said DLA has to provide adequate, simple specifications to contractors in reverse auction situations.

“If you have a complex item, like a nuclear aircraft carrier, reverse auctions aren’t a good fit because they’re too complex,” Howerton said. “Reverse auctions are potentially a good target with standard, off-the-shelf items.”

Ninety-eight percent of what DLA Troop Support buys is made up of competitive and commercial products, so Ellis said he really pushes reverse auctions because of the type of material bought using the tool.

Ellis began using the auction tool in 2001 while he was in the Navy.



“At the time, no federal agency had done this,” he said. “Our very first one was for a recovery sequencer for ejection seats. We ended up saving about 38 percent from what we paid historically for the item.”

Before he retired from the Navy, Ellis came to DLA Troop Support and briefed its leaders on how to conduct the auctions and the program’s success.

“When I got hired [as a Defense Department civilian] and had my in brief with the director, I mentioned to him that DLA needed to push [reverse auctions]. He jumped on it and has been pushing us to do it ever since,” Ellis said.

DLA Troop Support manages four supply chains – medical, subsistence, clothing and textiles, and construction

equipment and materials – and has used reverse auctions in all of them.

Some of DLA’s other field activities are using the auction tool as well, and Howerton and his team are in the process of setting up enterprise-wide training tailored to DLA-specific acquisitions.

“Other [DLA] activities may now find a use for reverse auctions. If so, we can increase savings for the enterprise,” Howerton said.

He said it would behoove every contractor wanting to sell items to DLA to be as efficient as they can and still make money.

“Contractors need to get rid of unnecessary actions, activities and processes and get as lean as they can,” he said. “DLA buys huge quantities of [commodities], so it’s a perfect opportunity for business.”



Condition CODE “L”

Story by Beth Reece
Photos courtesy DLA Distribution

Defense Logistics Agency employees are using continuous process improvement methods to cut storage costs and improve customer support.

Supply chain and distribution experts began a CPI project in October 2010 to address \$221 million of nonissuable “litigated” inventory that was kept in depots primarily because it didn’t meet packaging and shipping requirements, said Adrienne McGeachy, a DLA Land and Maritime employee who is leading the project.

Material is placed in litigation, or “condition code L,” for several reasons,

including missing inspection signatures or paperwork, incorrect documents, quantity disparities between the invoice and the actual shipment, or material that is damaged or noncompliant with shelf-life requirements.

Using CPI to analyze and solve the problem, McGeachy’s team cleared about \$150 million of litigated inventory from DLA’s depots in 10 months, and it continues to seek solutions that minimize the amount of nonissuable material that DLA Distribution must store.

“Right now we have about \$143 million worth of litigated inventory. That’s a lot better than what we had when

Material can be placed in litigation for reasons including missing inspection signatures or paperwork, incorrect documents, quantity disparities between the invoice and the actual shipment, or material that is damaged or noncompliant with shelf-life requirements.

we started, but it continues to come in,” McGeachy said.

When distribution process workers receive items that are unrecognizable or improperly packaged, they initiate a supply discrepancy report that goes to a product specialist, packaging specialist or resolution specialist at the appropriate supply chain.

“We spend a lot of time at the depots doing supply discrepancy reports so product and acquisition experts who reside at our supply centers can determine what to do with this material,” said Christian Lubic, who manages material accountability and stock readiness for DLA Distribution.

Representatives from each supply chain visited depots last fall to identify inventory that was in litigation simply because it couldn’t be identified. In six months, they made almost \$40 million of material issuable to customers, McGeachy said.

Incorrect packaging accounts for about 40 percent of litigated inventory, she added.

“The material itself is fine. It’s just the packaging or labeling that’s wrong, or the supplier sent it to us in commercial packaging instead of following military specifications.”

“When we don’t have to put material in litigation, vendors get paid quicker, warfighter readiness is better, and we don’t have to tie up precious storage space.”

— Christian Lubic

The team works closely with vendors, particularly small businesses that may not be familiar with DLA’s policies, to educate them on proper packaging and labeling.

Distribution process workers sometimes repackage and re-label items worth less than \$250. While this helps get material to customers on time, it puts undue stress on the depot and sends a message to the vendor that the packaging was correct, Lubic added.

“The key is to prevent as much of this stuff from coming in as possible. That’s a win-win for everybody, because when we don’t have to put material in litigation, vendors get paid quicker, warfighter readiness is better, and we don’t have to tie up precious storage space,” he said.

Missing signatures from quality assurance representatives is another common reason that material is placed in litigation status. McGeachy’s team discovered the problem was a systems glitch that could easily be solved.

“We discovered that our quality assurance reps were signing off on the material as it came in, but the signatures weren’t making it into the system by the time the depot went to receipt the material,” she said.

The team launched a rapid improvement event and cleared \$19 million of litigated inventory in four months just by going back and checking system documents.

Today, material needing signatures from quality assurance representatives is staged separately for 72 hours. The result is that 95 percent of the material requiring

signatures is now put directly in condition code A and can be issued immediately to a customer, McGeachy said.

Contract modifications may also cause material to go into litigated status.

“For example, say we order bolts that come in a box of 12. We need five boxes, or 60 bolts in total, and that’s what we write the contract for. However, the contractor sells the item to their other customers in boxes of 65 and it’s very expensive to repackage them in cartons of 12,” McGeachy said.

The contractor will likely ask the contracting officer for a waiver to ship the bolts in a pack of 65 instead of 12, she continued, and the contracting officer will probably grant the waiver, especially if the item is backordered.

“What happens then is the depot will repackage the item into boxes of 12. Well, five boxes of 12 equals 60 bolts.

What do they do with the extra five?

The Distribution Standard System won’t accept the extra five, so they end up going into litigation and can’t be issued to other customers.”

The DSS is the information technology system that DLA’s distribution depots use to manage functional business processes.

McGeachy attributes much of her team’s success to its use a structured CPI tool known as DMAIC, which stands for define, measure, analyze, improve and control.

Litigated inventory is “everybody’s issue,” she added.

“There are very few positions you can have within the supply chain where you don’t have some impact on litigated inventory, whether you’re a product specialist, a procurement specialist or a depot worker,” she said. “We all have to work together to eliminate it.” ♦



A disposition process worker stages material that is ready for to be sent to a customer. Litigated inventory that isn’t packaged or shipped correctly can be held for long periods, limiting supplies available to warfighters.

Door-to-Door DELIVERY

Story by Jonathan Stack

The Defense Logistics Agency's direct vendor delivery program allows customers to get the supplies they need delivered when they need them, rather than forcing them to store bulk quantities in a warehouse for possible future use.

"Direct vendor delivery eliminates the need for a customer to store large amounts of product, which in turn makes inventory management more efficient and also reduces order and ship times and administration," said Gina Vasquez, DLA Troop Support continental U.S.

prime vendor division chief.

Customers no longer need warehouses, which are costly to build and maintain, particularly when refrigeration is required, Vasquez said. The delivery program is particularly valuable for units ordering food items because customers always receive fresh products, reducing the risk of spoilage.

"For a DLA Troop Support subsistence prime vendor, [the program] means nearly all food items, literally soup to nuts, are delivered on a regular basis to our military customers by a specific food service distributor," she said.

A recent example of DLA's use of direct vendor delivery that benefited a customer occurred onboard the USS Momsen at Naval Station Everett, Wash.

"The ship had a change in orders that called for immediate departure, and they



Army Sgt. Edwin Rodriguez

were given orders to have food on board by 4 p.m. or to depart without the food," Vasquez said.

Upon notification, the prime vendor took an existing order that would have been delivered later in the week and expedited it, she said. Employees picked up, loaded and delivered more than 250 cases of food to the ship two hours before the deadline with a 100 percent fill rate.

Direct vendor delivery also benefits DLA.

"Rather than managing thousands of items in a warehouse, DLA manages dozens of contracts with suppliers," Vasquez said. "By measuring performance metrics such as fill rate, customer satisfaction, quality audits and small-business subcontracting, DLA maintains quality contracts that provide all the advantages offered by the commercial food service industry."

Direct vendor delivery can be used for a variety of items besides food.

"DLA Troop Support also has divisions for medical, clothing and textiles, and construction and equipment, each of which uses the direct vendor delivery concept where applicable," Vasquez said.

DLA Troop Support also uses direct vendor delivery for its Ecclesiastical Supply Program, supplying military religious leaders with items ranging from hymnals and rosaries to prayer rugs and Hanukkah candles.

"There are approximately 800 ecclesiastical items, and almost 90 percent of them are shipped using direct vendor delivery," said Ted Kelly, a DLA Troop Support Customer Relationship Management Cell supervisor.

Personnel at Kandahar Airfield, Afghanistan, enjoy a meal at the Independence dining facility. Food is one of the many supply classes DLA Troop Support supplies through the agency's direct vendor delivery program. DLA Troop Support has been using the delivery program for subsistence and other items since its inception in 1993.

Navy Petty Officer 3rd Class Alexander Todd



Air Force Tech Sgt. James Mossman



A Navy chaplain leads Sailors and Marines in prayer on the USS Ronald Reagan. DLA's direct vendor delivery program allows customers to get the supplies they need delivered when they need them.

The religious items pictured are directly shipped to customers using DLA's direct vendor delivery program. DLA Troop Support uses the program for its Ecclesiastical Supply Program, supplying military religious leaders with items ranging from hymnals to rosaries and prayer rugs.

The delivery program cuts down on depot costs, damage to products and turnaround times to customers, he said.

"Furniture is made to order and won't be stored in a warehouse with the potential of being damaged," said Maryann Bonk-Santos, a customer account specialist. "Also, wine [for religious services] won't sit and potentially turn into vinegar."

Another benefit of direct vendor delivery is that customers build relationships with the contractors.

"Customers know the vendor, they know what they're getting and they understand how the vendor works, because they're receiving their religious items from the same vendor," Kelly said. "For example, they have the comfort level of

knowing how the wine is going to come."

DLA Troop Support has been using the delivery program for subsistence and other items since the program's inception in 1993. "Prior to that, the government was heavily invested in owning and running large warehouses and depots to stock all kinds of items necessary for its military customers," Vasquez said. "With the emergence of the modern food service industry, DLA Troop Support moved away from the costly inventory management business and toward satisfying its customers' requirements through competitively contracted commercial distributors."

Direct vendor delivery saves money, frees up resources and improves customer service, Vasquez said. ★



Army Spc. Anita VanderMolen

DLA Land and Maritime's strategic supplier alliance with BAE Systems helps ensure repair parts like those required for this Caiman Mine Resistant Ambush Protected vehicle are available when warfighters need them.

Strong Ties

Story by Beth Reece

The Defense Logistics Agency's take on building a successful partnership with suppliers is much like TV psychologist Dr. Phil's formula for a loving relationship: keep the lines of communication open, be understanding and learn to meet one another's needs.

But where couples might rely on therapy or counseling to keep their relationships healthy, DLA uses long-term partnering agreements called strategic supplier alliances to measure and strengthen its key relationships.

"These alliances give our relationships with equipment manufacturers more structure so we can easily take on new initiatives together and work on improving certain performance metrics," said Tim Stark, who manages DLA's Supplier Relationship Management Program.

The agency has SSAs with 27 suppliers, like Boeing and Lockheed Martin, that provide major hardware for the aviation, land and maritime supply chains. Nineteen of those alliances belong to suppliers that have contracts with DLA Aviation and account for at least half the money DLA

spends for aviation parts and equipment, said Cathy Contreras, SRM team lead for DLA Aviation.

"While it's important to have positive relationships with all of our suppliers, I think there are certain key suppliers that we really need to work closely with because so much of taxpayers' money is going to them," she said.

Each alliance is facilitated by a supplier relationship manager and governed by an executive committee made up of top officials from DLA and the supplier. The committee meets at the start of each year to review progress made during the previous year and create goals that are tackled by improvement teams.

Goals are tailored to each supplier, but typically highlight issues important to the entire DLA enterprise, Contreras said.

"One of the major things that all of our supply chains were concerned with during

this past year, for example, was achieving material price reductions, so we incorporated that into the goals in all of our alliances," she said.

Other goals are based on vendor score cards that track performance in such areas as production lead time, administrative lead time, on-time delivery and percent of obligations on long-term contracts.

"These score cards help our suppliers understand how we measure key metrics that are important to us and to our customers," said Linda Kelly, SRM team lead for DLA Land and Maritime.

Suppliers receive their score cards every month and often use the information to drive spontaneous process changes or improvements, she said.

When one supplier recognized a drop in its on-time delivery metrics even though it was shipping orders as scheduled, its staff investigated why, Kelly said. In many cases, the material had arrived at a DLA warehouse on time but was placed on litigation status because it was improperly packaged. This affected the supplier's metrics because litigated material doesn't get receipted until the problem is solved.

"Our suppliers are paying more attention to details that they didn't realize were important before they started receiving the score cards," Kelly added.

The collaborative atmosphere that SSAs help foster has also led to quicker responses to warfighters' emergency requests, said Maggie Mickey, who manages DLA Land and Maritime's alliance with BAE Systems.

"Because we already have the communication and partnership set up, the lines of communication are so much more open that when we do have a critical need, it's easier for us to call them and say, 'We know your lead time on this item is 10 weeks, but we need it tomorrow,'" she said. "In almost every case the supplier will work with us."

In May, program managers for the

Plant workers work on a Lockheed Martin Joint Strike Fighter aircraft at a production facility in Fort Worth, Texas.

"The more you understand each other's needs, the more efficiency you can create in your process."

— *Cathy Contreras*

Mine Resistant Ambush Protected vehicle discovered that a gap in the armor plates on BAE's Caiman MRAP left passengers vulnerable to newer improvised explosive devices being used in Afghanistan, Mickey said. When two Soldiers were reported killed because of the gap in armor protection, defense officials demanded additional armor plates be ordered to cover the gap.

DLA already had orders in place for the additional armor, but Mickey said the

need to expedite those orders was obvious.

"I made the call to BAE to let them know what was going on, gave them some history, and told them about the loss of lives," she said. "They immediately scoured all of their suppliers and came up with ... armor they could use to produce some of the panels needed."

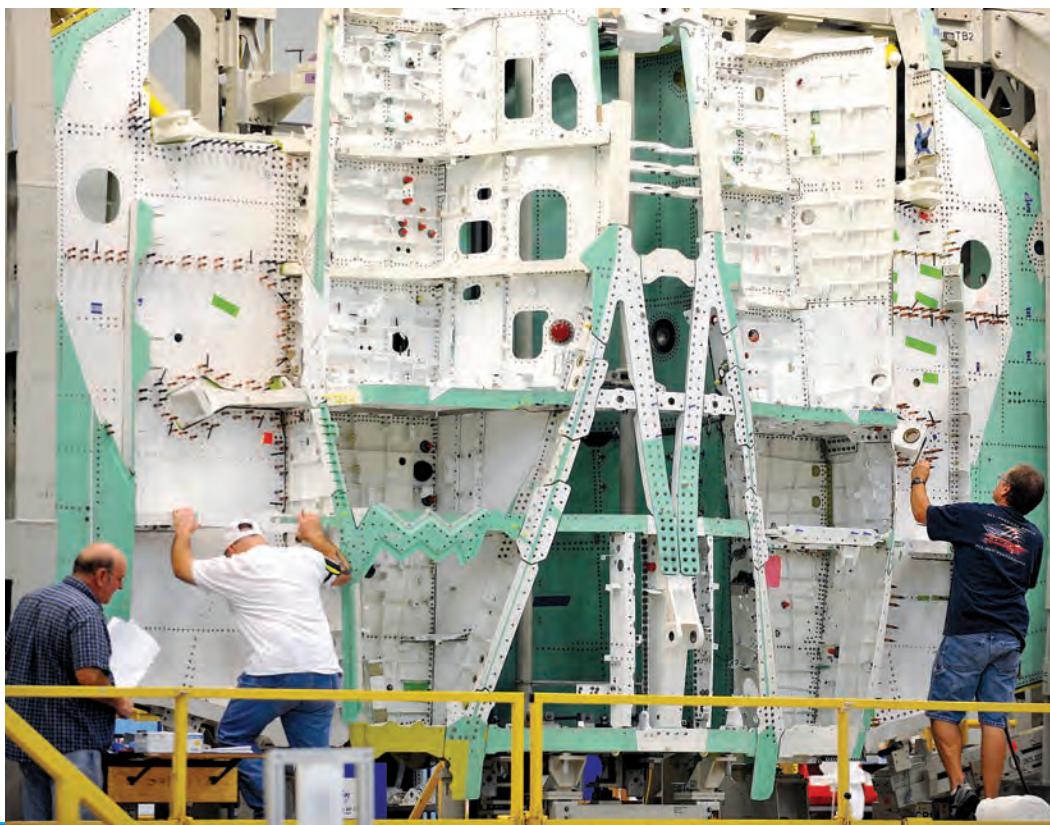
The supplier expedited deliveries by as much as 90 days, Kelly added.

"In this case our alliance literally saved lives," she said. "We don't have a crystal ball that tells us when situations like this will arise. That's why it's so important for us to have these alliances in place."

Army customers who urgently needed parts for grounded aircraft also benefited from supplier alliances recently. The parts needed weren't kept in stock due to low demand, Contreras said, and the supplier required well over a year to produce them.

"We knew the service really needed the parts, so through our alliance with

Cherie Cullen



the supplier we were able to call the right people and find a solution," she said.

The supplier located several commercial derivatives of what the Army needed, made some changes for quality, then tested them. Within six weeks, the customers received most of the parts needed.

Aviation officials expect these alliances to help eliminate potential shortages of raw materials, such as yttrium, a rare metal needed to build military equipment ranging from aircraft to weapon systems.

"It's really critical that we work together over the next couple of years to make sure we're clear on what materials we need across the Department of Defense," Contreras said. "We may need to do things a little differently than we have in the past to make sure our suppliers are able to acquire these materials."

DLA has made its own share of changes to ensure supplier alliances are beneficial to both sides. Aviation supply experts at DLA rely on national stock numbers to identify parts, for example, but many of its suppliers refer to items by part numbers instead. To save suppliers the extra steps needed to match NIINs and part numbers, Contreras said, DLA

Navy photo courtesy Lockheed Martin Corp.



An F-35 Lightning II Joint Strike Fighter aircraft conducts a test flight over the Chesapeake Bay near Naval Air Station Patuxent River, Md. DLA Aviation has a strategic supplier alliance with Lockheed Martin to provide hardware for military aircraft.

Aviation officials began including part numbers in the orders and information they sent to suppliers. The result: less administrative lead time.

"The more you understand each other's needs, the more efficiency you can create in your processes," she said.

Another component of DLA's Supplier Relationship Management program is the supply chain alliance. Unlike SSAs, which are with major equipment manufacturers that are the only source for parts for large weapon systems, such as Lockheed Martin with the Joint Strike Fighter, SCAs are with manufacturers that provide a substantial amount of smaller subassemblies. One example is Rockwell Collins, which supplies modular displays for helmets used by fighter jet pilots.

SCAs are signed off on by supply chain commanders rather than the DLA director and have a less rigid structure, Stark said. But they also afford supply chain officials more flexibility to create alliances they deem important.

DLA has SCAs with 23 vendors in the medical, land, maritime, energy, and clothing and textile supply chains. SSAs and SCAs both lead to relationships in which officials at DLA and the suppliers know exactly who to call when urgent needs or problems surface. While that's particularly crucial for DLA employees dealing with suppliers that are made up of multiple companies in several locations, Stark said, suppliers are always eager to have an open door to the agency.

"We are always looking for ways to increase communication with our industry partners, and these alliances offer a structure in which that can happen on a regular basis," he continued.

DLA established its first formal alliance in 1999 with Honeywell. At the time, DLA was shifting from managing supplies to managing suppliers. The greatest outcome in Mickey's view is that employees at DLA and the manufacturers recognize that each side plays a major role in meeting warfighters' needs.

"We've been able to map out suppliers' processes with ours to see the total picture, and that makes both of our processes better in the long run," she said. ★

Air Force Senior Airman Clara Wyrms



Air Force Staff Sgt. Cliff Hatch tightens screws on a helmet-mounted cueing system for Air Force Lt. Col. David Berg. The helmet is supplied by Rockwell Collins, which has a strategic supplier alliance with DLA Aviation.

2012 Director's Guidance

Story by Beth Reece

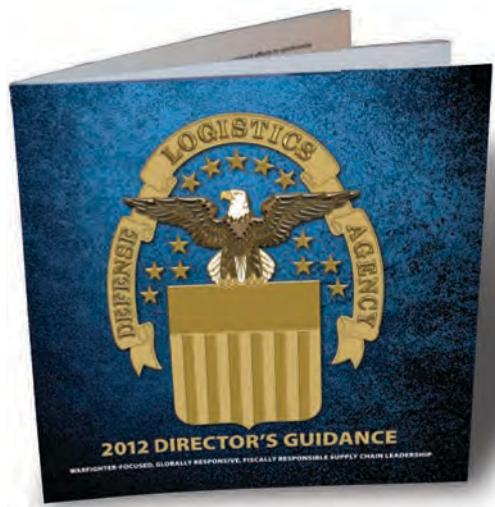
Defense Logistics Agency employees will spend the next year celebrating 50 years of successful logistics support to America's military. They'll also continue working to improve that support under the fiscal 2012 Director's Guidance released in October.

The new guidance includes 16 initiatives designed to steer employees' efforts in three focus areas: Warfighter Support, Stewardship Excellence and Workforce Development. Its opening paragraphs forecast fiscal 2012 as a tough

year for DLA and its customers.

"We are a country at war, dealing with multiple security interests worldwide in an evolving and increasingly complex economic and political environment. Our customers face numerous issues related to these factors, including emerging resource restraints and the need to reconstitute key assets that were heavily used over the past decade," according the guidance.

Meeting warfighters' logistical needs remains DLA's top priority in fiscal 2012. That task ranges from supporting



customers' readiness and sustainment levels to working with industrial activities.

"The Director's Guidance keeps the agency focused on initiatives that matter most to our customers: supporting the warfighter at the least possible cost," said Army Brig. Gen. Lynn Collyar, DLA Logistics Operations director. "Our country faces increased security concerns and is doing so with constrained resources."

The first of seven Warfighter Support initiatives is supporting operational requirements, force drawdown and equipment reset of forces in Southwest Asia.

"Some of our hardest work remains to be done," said Army Col. Michael Bird, the commander of DLA Central. Providing logistics in a landlocked country is a daily battle, he added.

Support in Afghanistan will include optimized use of the Northern Distribution Network to deliver supplies, continued spare-parts support for critical weapons systems, and expanded property

Supporting warfighters in Afghanistan remains the number one initiative under the fiscal 2012 Director's Guidance.





Air Force Airman 1st Class Laura Goodgame

Acquisition support for alternative fuel used in aircraft and ships is a DLA priority.

disposal services. In Iraq, DLA will help ensure uninterrupted support for such commodities as food and fuel for the State Department, which assumed leadership of the U.S. presence there in October.

"Like the customers we support, it's critical that we zero in on activities that lead to mission accomplishment and logistics efficiencies," Collyar said. "That's why initiatives like creating a more efficient storage and distribution network ... are part of this year's guidance."

The agency will also work with military industrial sites that perform repairs and maintenance on major equipment and weapon systems to plan the return, reset and redistribution of equipment belonging to units redeploying from Afghanistan.

Other Warfighter Support initiatives include efforts to support the Defense Department in developing policy on the use of alternative fuel, as well as acquisition support for the 40,000 barrels of biofuel the Navy will need in 2012 for the Navy Green Fleet, a group of ships capable of sailing on alternative fuel.

DLA Strategic Materials will also

continue to move away from traditional stockpiling to better meet DoD's raw material needs. Strategic material experts will complete a rare earth study to identify critical items that warrant strategic inventory support and develop strategies to prevent shortages of those materials.

"We will also do more outreach with the services to see what their requirements are, as well as research the global market for strategic materials," said Ronnie Favors, administrator of DLA Strategic Materials.

Under Stewardship Excellence, DLA will strive to protect taxpayer resources without sacrificing support to warfighters. Acquisition professionals at DLA's primary-level field activities will continue working toward price reductions by putting

high-demand items on long-term contracts and expanding the use of reverse auctions, which reduce material costs by increasing supplier competition.

To further improve acquisition practices throughout DLA, experts will conduct a comprehensive analysis of recent audit findings to address deficiencies in priority order, and implement training to improve acquisition practices.

The agency will also work to establish a more efficient and effective supply support network by capitalizing on synergies between DLA's disposal, distribution and strategic material storage processes and facilities. In one example, DLA is partnering with U.S. Transportation Command and the military services to implement Strategic Network Optimization. This will optimize the number, location and function of distribution and disposition facilities, in turn reducing operating costs and providing agility to support customers during peacetime and contingency operations.

"The SNO program is moving the Defense Department ... toward the next evolution in the global supply, distribution, disposition and transportation network," said Lynne Allen, DLA SNO program manager.

Officials throughout the agency will also identify risks in such areas as cyber security, procurement fraud and counterfeit parts. Periodic reviews will be used to pinpoint potential problems and establish prevention methods.

In the area of counterfeit parts, officials are creating training to educate all DLA employees on how to identify a counterfeit part and what to do if they find one, said Stephen Rodock, a technical and quality analyst for DLA Logistics Operations. Other preventive

Acquisition professionals at DLA's primary-level field activities will work toward price reductions by putting high-demand items on long-term contracts and expanding the use of reverse auctions.

2012 Director's Guidance Initiatives



steps will include additional sample testing from high-risk suppliers and the use of DNA marking, by which manufacturers embed information in materials to identify them as original parts.

Workforce Development initiatives are designed to help DLA employees improve their skills and reach their full potential as they support DLA's mission. The first initiative is to assess and improve hiring and selection policies to ensure a diverse, high-performing workforce. Human resource officials will enhance training for hiring managers and selecting officials, and use targeted recruitment to increase the diversity of applicants.

"DLA is reviewing its staffing process to reinforce the agency's goal of growing a diverse, high-performing workforce," said Brad Bunn, DLA Human Resources director. "During these austere times, it has become even more critical to effectively and fairly evaluate and assess candidates so that we select the best and brightest with the capabilities and diversity of experience to support mission success."

To improve management practices, refresher training on all aspects of the performance management process will be available for supervisors. Human resource officials will also review rewards and recognition policies to ensure the alignment of organizational performance, individual achievement and employee recognition.

"As resources become tighter and the demand grows for greater efficiency without impact to our effectiveness, ensuring we have robust, rigorous performance management practices across the agency is imperative," Bunn said.

The status of these initiatives will be tracked monthly by the DLA Executive Board, which is made up of the agency's most senior leaders, said Phyllisa Goldenberg, director of DLA Strategic Plans and Policy. Her team ensures initiatives included in the annual Director's Guidance are aligned with strategies set forth by the Defense Department and are designed to improve the entire DLA enterprise. ☀

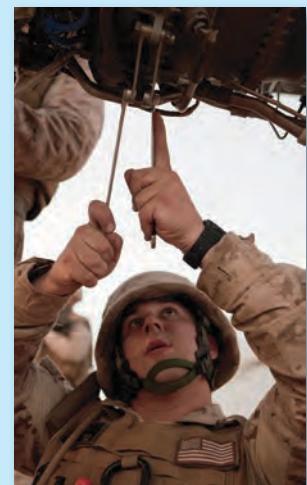
WARFIGHTER SUPPORT

- Support operational requirements and force drawdown/equipment reset processes in the Southwest Asia theater.
- Improve DLA's support performance at service industrial sites and prepare to meet additional equipment reset-driven requirements.
- Engage with customers and external stakeholders to drive additional DLA support improvements worldwide.
- Provide a portfolio of best-value product support strategies.
- Support the Department of Defense's operational energy strategy to enhance warfighter agility.
- Enhance DLA's strategic materials program to meet emerging support requirements.

Marine Corps Sgt. Ricardo A. Gomez

STEWARDSHIP EXCELLENCE

- Implement comprehensive cost analysis capabilities that help drive improved resource utilization for major internal DLA cost drivers.
- Achieve significant price reductions across DLA's material and services acquisitions.
- Implement a more efficient and effective global supply support network for storage and distribution across all material classes of supply.
- Implement DLA-driven post-Base Realignment and Closure support efficiencies at the service's industrial sites.
- Identify and implement improved acquisition execution practices across all DLA supply chains.
- Implement information technology enhancements to facilitate improved customer support and process efficiency.



Marine Corps Sgt. Ricardo A. Gomez



Navy Petty Officer 3rd Class Jacob D. Moore

- Mitigate significant known or potential risks to mission accomplishment and efficiency.

WORKFORCE DEVELOPMENT

- Assess and improve hiring and selection policies and practices to ensure a diverse, high-performing workforce.
- Improve DLA's organizational and individual performance management practices.



Leadership in Action

Story and Photos by Heather Athey

Most Fortune 100 CEOs operate in a high-pressure environment. But for Navy Vice Adm. Alan Thompson, the products and services his team provides can literally mean the difference between life and death for warfighters.

As director of the nation's only combat logistics support agency, Thompson has for three years led America's largest military logistics enterprise, serving some of the most demanding customers at far-flung locations across the globe.

Military service members rely on the

Defense Logistics Agency for subsistence, fuel and spare-parts support, for distribution and warehousing services, and logistics information and document-services products. If the agency were ranked on Forbes Magazine's annual list of America's largest companies, it would land above FedEx, Coca-Cola and Disney in terms of annual sales.

Thompson logs long hours. Most days, his staff says, he spends 12 hours in the office before heading home to answer emails and tend to additional matters. Nearly 40 percent of the time he is on the road, meet-

ing with senior defense officials, customers and industry stakeholders, working to translate warfighters' needs into reality.

Those he leads describe him as a steady, inspiring leader. The agency's senior leaders credit him with unifying the DLA team in support of both warfighters' and taxpayers' needs. His bosses in the Defense Department say Thompson has pushed DLA forward as a critical combat enabler.

During his tenure, DLA's operations tempo has surged to keep pace with the change over from Operation Iraqi Freedom to Operation New Dawn, and realignment of focus to supporting the responsible drawdown of troops and material while sustaining warfighters rotating through Iraq. The DLA team stretched to accommodate the tidal wave of requirements generated by the buildup of more than 50,000 U.S. troops in Afghanistan, and its members volunteered to deploy alongside warfighters to ensure they were adequately sustained on the battlefield.

While the nation's warfighters were consumed with contingency operations in Southwest Asia, America also joined its NATO allies in conducting Operation

Odyssey Dawn in Libya and sprang to the aid of earthquake-stricken Haiti and tsunami-ravaged Japan. All the while, DLA was there.

When he hands over DLA's reins to his successor Nov. 18, Thompson will pass on a team of battle-tested veterans, united in their focus on providing outstanding warfighter support. He will also close the book on a 35-year military career that saw him serve at the highest levels in Navy and joint logistics.

CHARTING A COURSE

Upon taking the helm at DLA in November 2008, Thompson quickly set to work outlining his roadmap for providing world-class combat logistics support – his 2008 Director's Guidance – a document that has been revised and re-released each fiscal year to supply the DLA team with near-term goals that fit under the agency's broader Strategic Plan.

From the start of his tour, Thompson focused the agency team on the three key strategic elements of Warfighter Support, Stewardship Excellence and Workforce Development, said DLA Vice Director Mae DeVincentis.

In a letter to the workforce announcing the fiscal 2012 Director's Guidance, Thompson wrote that under those three enduring focus areas are 16 major initiatives permeated by a central theme that DLA must be highly effective and efficient in everything it does.

"In addition to doing the basic daily work of DLA – supporting America's warfighters around the clock, around the globe – we will rapidly move out on these Director's Guidance initiatives to prepare DLA to best support our armed forces and DoD in the years ahead," he wrote. "Leaner budgetary times are at hand and we must do more than our part to squeeze cost out of DoD logistics."

Intensified focus on these key areas has enabled DLA to continue providing world-class logistics solutions that keep pace with warfighters' requirements, Thompson said.

"The annual Director's Guidance process clarified and focused our strategic

initiatives. It also informed our stakeholders of our intentions and assured them that we were focused on their key interests," DeVincentis said. "In the long term these ventures enhanced DLA's capabilities, credibility and reputation, both regarding our current vital support roles and also when stakeholders consider the potential for DLA to take on added responsibilities on their behalf."

Thompson's overriding intent has always been to do what is best for warfighters and taxpayers, she said.

"He championed numerous initiatives, and established strong links with the entire logistics support community and with DoD's warfighting and maintenance commanders worldwide," DeVincentis said.

One such initiative – We are DLA – aimed to unite the nearly 27,000 DLA team members serving in 48 states and 28 countries, and create a single-agency environment for both the workforce and customers.

Rolled out in July 2010, officials said the initiative would help DLA build a greater sense of community among its global workforce and let customers know exactly "who" DLA is and how it can meet their needs.

"The We Are DLA effort has made DLA's broad enterprisewide capabilities much more apparent to our customers and all our stakeholders and enabled us to pursue additional ways to meet their needs," DeVincentis said.

UNITING EFFORTS

In the Pacific area of operations, the world's largest operating theater where distance is routinely measured in days of travel versus hours, DLA's team members and customers praise the synergy created through We Are DLA.

"Defense Logistics Agency field activities in the Pacific are working together to create a single touch point for warfighters in the U.S. Pacific Command operating area,"

said Army Col. Joe Arnold, DLA Pacific commander.

The team is also working to colocate DLA's business components to provide further advantages to warfighters, he said.

Physical proximity to other field activity team members reminds the DLA Pacific players of the full reach of the agency's capabilities, Thompson said.

"Now that the organizations are starting to colocate, customers are getting a better representation of the full range of the agency's support," he said. "It's important we work together as one integrated team because the customer really sees us all as one DLA team."

This team orientation was critical during DLA Pacific's participation in Operation Tomodachi, the joint response to this spring's disaster in Japan, when an 8.9 magnitude earthquake spawned a tsunami and ensuing nuclear crisis, officials said.

"He championed numerous initiatives, and established strong links with the entire logistics support community and with DoD's warfighting and maintenance commanders worldwide."

— Mae DeVincentis

DLA's Pacific team shifted to 24/7 operations and provided planners and customer support to Joint Support Force – Japan, while making use of existing prime vendor relationships to increase supplies of food and bottled water.

"Supporting Operation Tomodachi was an acid test of the DLA organization in the Pacific and its people," said DLA Energy Pacific Commander Navy Capt. Kevin Henderson. "The organizations came together as a team, got a battle rhythm going, and everyone got the information flowing to ensure customers got what they needed."

Operation Tomodachi also represented the success possible when DLA leans forward to assume some of the logistics missions traditionally performed by the military services, officials said.

"During Operation Tomodachi and the follow-on support mission, we'd have been in a crack if DLA team members hadn't stepped forward with us. We have been able to relieve ourselves of some of

the historical logistics mission because of DLA support and that has enabled us to be more efficient," said Larry Johnson, deputy commander of Marine Forces Pacific Logistics Operations.

"I have seen the trust relationship build with DLA to where we're coming to your folks and asking what more they can take on," Johnson said.

While much of the world's focus has been on Southwest and Central Asia over the past 10 years, Thompson said, the Pacific theater is only going to become more important as forces draw down in Iraq and Afghanistan.

"DLA is a global enterprise and many people discuss the U.S. Central Command operating area in Southwest and Central Asia when referring to contingency operations, but as we're drawing down in Iraq and beginning to do so in Afghanistan, we're continuing to look at the entire world and USPACOM is going to become more visible in the coming years," he said.

CHANGING FOCUS

In the near term, Thompson said, DLA must remain flexible to keep pace with the changing needs of warfighters in Kuwait, Iraq and Afghanistan.

"We're at a tipping point in the Defense Department, where we're in active



"As we're drawing down in Iraq and beginning to do so in Afghanistan, we're continuing to look at the entire world, and USPACOM is going to become more visible."

— *Navy Vice Adm. Alan Thompson*

negotiations with the government of Iraq to determine what the final U.S. military presence will be there and the addition of State Department personnel who will assume duties in Iraq as well," he said.

These changes, in addition to the U.S. Central Command mandate to increase the volume of cargo entering Afghanistan via the Northern Distribution Network, are driving DLA's workload in Southwest Asia, Thompson said.

"Nearly 80 percent of the cargo volume moved via the NDN has been DLA material," he said. "This has been a tremendous undertaking for us, and we're working with our partners in the military services and at U.S. Transportation Command to reduce the shipping times and prices for getting cargo through the NDN."

Prepositioning thoughtfully considered inventories at DLA's forward distribution centers has been one way the agency is working to simplify the process for getting supplies to warfighters in Iraq and Afghanistan, Thompson said. DLA has also stood up distribution, disposal and helium transfer sites in the country.

DLA Distribution Depot Kandahar, Afghanistan, stood up more than a year ago to help reduce warfighters' reliance on strategic airlift for resupply of critical items, officials said.

"The analysis to determine what items we were going to stock at DDKA was all about the items we were flying in over and over," Thompson said. "And we knew we couldn't make the depot too large, so the analysis folks were looking at a small universe of inventory that would have the greatest impact on strategic airlift requirements."

Locating disposal facilities at strategic points in Afghanistan has also relieved some of the burdens on warfighters at the outer

DLA Director Navy Vice Adm. Alan Thompson rides in a Blackhawk helicopter bound for the agency's Theater Consolidation and Shipping Point in northern Afghanistan.

reaches of the U.S. military presence there, officials said.

Kandahar has three expeditionary disposal teams staffed with qualified disposal experts who make site visits out to forward operating bases to help warfighters prepare to send unserviceable items to the disposition site, known as DLA Disposition Kandahar. Team members can help identify and categorize items and fill out disposal paperwork, said Air Force Capt. Theresa Hernandez, former officer in charge of the activity.

"We bring along a scrap contractor on the site visits who can immediately remove scrap so it never even has to be trucked to the disposal yard," she said. "When we go out to the forward operating bases, some are ready to turn in their unserviceable equipment, and it's separated and categorized. Some FOBs just aren't sure what to do, so it's nice that we can help relieve that burden."

A relatively new organization in northern Afghanistan, the DLA Distribution Theater Consolidation and Shipping Point, is providing a joint, centralized capability for controlling troop-support commodities such as clothing and individual equipment, packaged petroleum products, construction material and repair parts in country.

Officials said the TCSP will improve theater distribution for U.S. and coalition forces by reducing cargo congestion and helping to establish a foundation for future controlled and expeditious redistribution and retrograde plans.

Created in response to a request by U.S. Forces-Afghanistan that DLA deploy a TCSP into Combined Joint Operating Area-Afghanistan, the team reached its initial operating capability target in May, less than two months after the request was approved by then Defense Secretary Robert Gates, officials said.

Full operating capacity is expected to be reached this month and the site is slated to



DLA Director Navy Vice Adm. Alan Thompson discusses the types of map products the agency provides with DLA political advisor Willard Smith during a September visit to DLA Distribution Mapping in Honolulu.

transfer to contract operation late this year.

"For many months we watched challenges occur as the force number rose and the operations tempo increased, and we saw the need for much more material," Thompson said. "To bring this to life, it's going to be huge from the standpoint of better controlling the flow of needed material throughout Afghanistan."

The public believes the ramp up in Afghanistan began in December 2009 with 30,000 additional troops, but the truth is 20,000 troops actually started moving into Afghanistan in February 2009, said Assistant Secretary of Defense for Logistics and Materiel Readiness Alan Estevez.

"Afghanistan is a land-locked country. It's hard to get to, and putting those people on the ground and sustaining them would not have been possible without DLA," he said. "We consume fuel, both for weapons and to do basic work, and construction materials for building out base support – requirements DLA responded to on fairly short notice and put on the ground to make those forces combat effective."

Feeding the troops is another core DLA competency, Estevez said.

"I've been there multiple times, and the food is pretty good in Afghanistan. We're taking care of our Soldiers, Sailors, Airmen and Marines, and that's a credit to DLA," he said.

The work DLA has done to provision for and sustain the fleet of Mine Resistant Ambush Protected vehicles has also been outstanding, with readiness rates better than 90 percent, Estevez said.

Agency officials said DLA's MRAP support has reached nearly \$1.7 billion in sales with 22 contracts supporting the MRAP fleet, and \$624.7 million worth of MRAP parts are positioned in DLA depots around the world, \$128.7 million of which are for the MRAP's all-terrain variant.

Thompson said MRAP provisioning and sustainment is unique because the vehicles were fielded as quickly as possible, and that reduced timeline was compounded because five different manufacturers built various versions of the MRAP.

DLA's MRAP Surge Team works in various locations in Afghanistan providing direct support to units employing MRAPs in Operation Enduring Freedom and is staying engaged as Army and Marine Corps teams refurbish and standardize their MRAP fleets, he said.

"I visited the MRAP sustainment facilities at Camp Arifjan, Kuwait, and at Kandahar Air Field, Afghanistan, in May, and our customers are pleased with DLA's level of engagement and

DLA provisioning for Mine Resistant Ambush Protected vehicles, including the all-terrain variant, has consistently enabled readiness rates of higher than 90 percent for the vehicle fleet.

support," Thompson said. "DLA's warfighter support representatives on the ground provide crucial reach-back capability to the larger DLA logistics force."

In Iraq, DLA's focus is changing from supporting combat troops to sustaining the forces in country as they draw down. Team members are also planning for the transition from a DoD-led mission there to a Department of State-led operation.

"Working with the State Department isn't a normal DLA mission, but the agency is standing up to the challenge as State leads a diplomatic mission to sustain the gains made in Iraq," Estevez said. "DLA is working closely with State, giving them the capabilities they require on the ground in Iraq for food, fuel and disposition support. This is outside the bounds of what's been charted before, and it's a testament to DLA's leadership that the agency has been able to do this quite seamlessly."

LOOKING BACK, LEANING FORWARD

Any organization takes its key from its leader, and Thompson has done an outstanding job leading DLA's team members, responding to the needs of warfighters out on point and to the needs of taxpayers back home, while managing a budget that is going to get tougher in the coming years, Estevez said.

"For the last decade, the emphasis was on the effectiveness of support, getting material to warfighters in the U.S. Central Command operating area quickly,"



Thompson said. "But now and into the future, being cost effective with our support has become equally important."

Looking ahead, Thompson said DLA is positioned to take on even more, despite the surge in business and disposal volume driven by the plus-up of forces in Afghanistan and the responsible drawdown in Iraq.

"DLA was formed to be a consolidator of similar logistics support functions and capabilities, an efficiency creator. If you study our history, it's been a steady succession of these consolidations of function from the four military services into DLA," he said.

Once DLA takes on a new mission, it typically applies standard processes, modernizes information technology and invests in facilities, in addition to spending time on developing the workforce.

"We have this fixed cost element at DLA, but there is also this variable cost piece, which is much smaller," Thompson said. "We can add greatly to the volume of our business with only modest additional resources required. We have more

"This is an era where we return to big ideas. We're still trying to execute these changes in an environment very focused on the warfighting that's still going on."

— *Navy Vice Adm. Alan Thompson*

capabilities to leverage moving forward.

"What we create, in the end, is a more efficient future enterprise," Thompson said, citing the example of a Navy warehouse in which operations were conducted by nearly 1,300 workers before transitioning to DLA. Once a part of the agency, warehouse operations there were able to be successfully conducted by just 300 team members, he explained, noting that the streamlining was accomplished without adverse impact on employees.

Providing the full spectrum of DLA's logistics support to warfighters is a joint effort, and the admiral said his team is heavily engaged with the agency's partners in the Defense Department and industry to stabilize costs.

"If you look at the prices for what we're purchasing – in DLA's 10,000 contract actions a day – there's been a steady march upward," he said. "But [business models show] there's an expectation that prices should go down over time. We're going to be working on that intensively, and this will connect nicely with the efforts to bring down costs for the entire department."

"Resource stewardship has been one of DLA's foremost focus areas under Admiral Thompson's leadership," DeVincentis said. "Knowing that budgetary pressures exist across DoD, he ensured we constrained our cost recovery rate and kept the cost of DLA support several percentage points below the department's annual inflation projections."

Thompson has placed special emphasis on negotiating reduced prices paid to commercial sector providers, and DLA has saved nearly \$300 million in fiscal 2011 alone from this developing initiative, she said.

"He has driven us to pursue additional, significant cost-saving options, including

DLA Director Navy Vice Adm. Alan Thompson surveys outdoor storage space at DLA Disposition Services in Pearl Harbor, Hawaii, in September.

under the department's efficiency reviews to identify cross-department inventory, warehousing and logistics information systems management savings," DeVincentis said.

When DLA is successful at generating savings, Thompson said, the outcome is generally realized because of close collaboration between the agency and the military services, to which the dollars saved are usually returned.

The DLA Headquarters and field leadership team is fully supportive of these efforts in all aspects of their budget planning and day to day execution, ranging from basic internal factors like administrative costs up to their largest customer support cost-drivers, DeVincentis said.

"As a result, I believe we are well positioned to help all our stakeholders deal with the financial challenges ahead," she said.

LEAVING A LEGACY

"It's an exciting time at DLA and in DoD," Thompson said. "This is an era where we return to big ideas. We're still trying to execute these changes in an environment very focused on the warfighting that's still going on, but we can't take our eye off [the goal]."

DeVincentis said Thompson constantly stresses bringing together the collective talents of the agency's leadership team.

"As a result, I see his DLA legacy as a combat logistics support agency that is capable, responsive, respected, cost-conscious and ready to sustain military forces wherever they serve," she said.

DLA's team members have stepped forward to meet each challenge presented during his tenure, Thompson said.

"I am deeply honored to have served alongside some of the most committed individuals in the Defense Department," he said. "I extend my sincere appreciation to all DLA team members for their dedication, determination and willingness to serve warfighters." ☈



DLA Distribution Arms Warfighters Against Flu Season

As the world prepared for the coming flu season, Defense Logistics Agency Distribution delivered influenza vaccine to warfighters around the world.

The year's first shipments of the vaccine departed DLA Distribution Susquehanna, Pa., in early August for issue to military facilities that administer the vaccine, said Birkley Wical, DLA Distribution stock readiness specialist.

"DLA Distribution and DLA Distribution Susquehanna, Pa., work diligently year-round to ensure our warfighters receive these critical inoculations, because we understand that

it is imperative to keep our heroes healthy so they can perform at their best on behalf of our nation," he said.

As the primary shipper of influenza vaccine for the military services DLA Distribution Susquehanna, has issued more than 10 million doses in the past five years, with nearly 3 million of those issued last year alone, Wical said.

Although flu season begins to peak in November and continues through April, DLA Distribution Susquehanna begins stocking and shipping the vaccine in the summer to ensure every service member receives the vaccine early to prevent outbreaks, he said.

The process begins at DLA Troop Support, where the vaccine is ordered and shipped directly from the vendor. Once those orders are received at DLA Distribution Susquehanna, they are issued upon receipt of materiel release orders.

A Navy medic injects a Sailor with the flu vaccine during an open medical call aboard the aircraft carrier USS John C. Stennis. This year's first shipments of flu vaccine departed DLA Distribution Susquehanna, Pa., in early August for issue to the military facilities that will administer the vaccines.



According to Wical, shipping the vaccine comes with some challenges.

"Maintaining cold-chain protocols is vital to the shipment process and preserving the integrity of the vaccine," Wical said. "If the temperature rises or falls outside 2 to 8 degrees Celsius, the product could be rendered unserviceable."

To avoid potentially compromising shipments, specialized packaging and digital temperature-monitoring devices ensure quality during transport of the vaccines to the end user, Wical said.

"Temperatures are gauged in 15-minute increments within the shipping containers and, ultimately, those readings are supplied back to DLA Troop Support for monitoring," he said.

DLA Distribution Susquehanna, is the only U.S. Pharmacopeia-compliant cold storage facility within DLA Distribution, Wical said. The organization also stores and distributes antiviral pharmaceuticals and ancillary kits throughout the year.

— Emily Tsambiras
DLA Distribution

Navy Supply Corps Foundation Creates Scholarship in Kunkel's Honor

A memorial scholarship fund in honor of former Defense Logistics Agency Energy Commander Navy Rear Adm. Kurt Kunkel has been established by the Navy Supply Corps Foundation.

Kunkel passed away Sept. 28, leaving behind his wife and two daughters. He was 51.

Employees who wish to show support to the family are being asked

to contribute to the fund rather than sending flowers or other gifts.

"For those of you who wish to express your sympathies, the Kunkel family requests that in lieu of flowers you consider donating to Rear Admiral Kunkel's scholarship," DLA Energy Chief of Staff Navy Capt. Charles Race said in an email to employees.

The memorial scholarship fund

provides college tuition assistance for the minor children of supply corps officers who die while on active duty.

Donations can be made online at <https://www.usnscf.com/index.aspx> or mailed to the Navy Supply Corps Foundation, P.O. Box 6228, Athens, GA, 30604.

According to its website, the Navy Supply Corps Foundation is a non-profit philanthropic and social organization whose members include every person who has ever served as an officer in the U.S. Navy Supply Corps.

— Beth Reece

A Conversation with ...

Vice Adm. Edward Straw and

Two Retired DLA Directors Take a Look Back at Their Experience and Service to the Defense Logistics Agency

What were some of DLA's major accomplishments during your time as director?

Straw: I want to spend some time on this question. We faced many emerging challenges while I was at DLA from summer 1992 until fall 1996. I feel our biggest accomplishment was in not shrinking from these challenges, but instead capitalizing on them as new opportunities to serve the department and its warfighters and help save taxpayer dollars. And I think what happened during my tour reflects DLA's frequent transformation and role expansion over its entire history. This includes some significant changes that were starting back then, and over the last 20-plus years have made DLA an absolutely indispensable part of worldwide supply support to the warfighters and wrench turners.

First, we needed to successfully integrate major added responsibilities that came our way via the Defense Management Review Decisions in the early '90s. The DMRDs realigned the services' primary supply support distribution centers to DLA, which put us squarely in the midst of direct retail supply support at major bases in the continental U.S. and eventually overseas. The DMRDs also greatly expanded DLA's role as inventory manager for consumable spare parts



Navy Vice Adm.
Edward Straw
1992 - 1996



Army Lt. Gen.
Tom Glisson
1997 - 2001

Defense Logistics Agency Photos

initiative was honored as a Ford Foundation Innovations in American Government award winner in 1995. We also applied innovative techniques to other areas, such as spare parts management, through long-term contracts and other ways to "buy response vice inventory" and received special recognition from the secretary of defense for our readiness support and inventory reduction achievements.

Because of our customers'

budget constraints and an increase in DLA's personnel costs resulting from the DMRD functional transfers, we were constantly challenged to find ways to reduce our cost recovery rate, which we trimmed by about a third during this period. At the same time, we had to develop new ways to deal with the lessons of the first Gulf War, so that we could provide more responsive support, along with enough asset visibility information to enable our service customers to see that our just-in-time support could be trusted and they did not have to overorder inventories on a just-in-case basis.

We also realigned DLA's overall organizational structure to enable us to succeed in the areas I just described and to meet the challenges of the Base Realignment and Closure commissions of both 1993 and 1995 by revising our inventory control point and distribution alignments.

at our inventory control points and led to centralized cataloging of essentially all nationally stock numbered items at what is now DLA Logistics Information Service at Battle Creek, Mich. As I liked to say back then, these changes took DLA out of the wholesaler's seat in the balcony and put us on the front lines, providing support from factory to foxhole.

To enhance our performance in this new role, we also capitalized on emerging technology that enabled direct electronic exchange of information and use of just-in-time inventory practices that were revolutionizing supply chain management in the private sector. We aggressively pursued the use of related techniques such as prime vendor support of the medical and subsistence commodities that brought great improvements in product availability and quality while dramatically lowering distribution costs. This

Lt. Gen. Tom Glisson

Above all, our success in meeting these challenges gained the full support of key stakeholders like our major service customers and both the Joint Chiefs of Staff and the acquisition, technology and logistics staffs, without whose support DLA would have been seriously downsized.

I know I've taken a lot of time here, but to me this was the heart of what mattered for DLA during the time I was at the agency.

Glisson: Perhaps the one I am most proud of was the performance of the DLA workforce during the Bosnia war. The tireless efforts of DLA Europe in response to the huge surge of U.S. and NATO forces in the theater of operations was extraordinary, resulting in receipt of a Joint Meritorious Unit Award in 1999 for work performed on operations Joint Guardian, Noble Anvil and Sustain Hope. This was a great example of the capability, personal sacrifice and untiring superior support that DLA continues to provide around the clock, around the globe regardless of the circumstances. Our use of DLA contingency support teams, customer representatives and liaison officers emerged as common doctrine for our increased global support role. The work these individuals did, in tandem with the DLA subordinate organizations, in providing unprecedented support was phenomenal. DLA had become an integral, valued and sought-after part of the warfighter team! DLA was no longer a distant logistics provider. We were now forward in the battle area working side by side with the warfighters.

Secondly, the decision and initial work in 1998 to begin modernization

of our logistics and business systems with a commercial, off-the-shelf enterprise resource planning solution approach was huge. The Business Systems Modernization program work led by Rear Adm. Bob Chamberlin, Rear Adm. Ray Archer, Frank Lotts, George Allen, Mae DeVincentis, Dave Falvey, Jim Kimberly, Jim Katzaman and many others was intended to radically transform how DLA performed its mission. BSM involved the reengineering of operational functions and the simultaneous development of a robust information technology platform that would enable and support the operational changes to improve customer service, provide best-value solutions, replace legacy systems, reengineer processes, and provide training experience.

By focusing on the four main functions of order fulfillment, procurement, financial management and planning, DLA transitioned from being a reactive, item-oriented agency to being a proactive, customer-focused agency far more capable of providing the type of logistical support required for a fast-paced, 21st century warfighting and global environment. While it has certainly been a long and tough journey at times, the program has continued to evolve and mature and remains one of the few ERP success stories in the Defense Department. The success of this bold initiative was a key enabler as DLA surged to meet the operational requirements for Iraq, Afghanistan and other humanitarian and contingency operations around the world. It was one of our biggest and most important changes in the history of DLA.

Third, the development in 1998, in partnership with the Defense Information Systems Agency, of the DoD Email and the whole explosion of e-commerce that followed was particularly significant. Scottie Knott led the initial work and did such a fantastic job with her Joint Electric Commerce Program Office team. The program created a one-stop electronic marketplace where users could search, locate, compare and order materiel with near real-time visibility into public and private sector inventory levels and lead times. It was the first major entry into the paperless environment that has become so commonplace today and fueled the rapid growth of e-commerce.

Fourth, we developed the Distribution Standard System still in use today. This allowed us to collapse five separate legacy systems into a single system to better manage our global receipt, storage and distribution business. It provided us both asset and distribution visibility into all of our distribution sites, incorporated the first large uses of radio frequency identification tags and other technology, and provided enhanced shelf life and inventory reconciliation. This new capability gave us the ability to better optimize our distribution sites and close unneeded capacity, improving our customer order ship and response times.

We reorganized the DLA staff into the J-staff configuration that exists today. It gave us a much better alignment with the warfighting community we were supporting. We merged Defense Industrial Support Center and Defense Supply Center Philadelphia into a single organization focused on troop support items. We oversaw the transfer of full energy

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management and the establishment of the Defense Energy Support Center in 1998. That gave DLA a primary role in total energy management and support. The establishment of the Defense Contract Management Agency in May 2000 in recognition of their expanded role in the oversight of defense contracts was another important change. Lastly, we established [what is now the Joint Reserve Force] in 1998. Under the leadership and guidance of Maj. Gen. Joe Thompson, this organization flourished and became the primary support force for our forward presence units and sites around the globe, maximizing the talents and capabilities of our reservists.

What were some of the biggest challenges you faced?

Glisson: Y2K seemed huge at the time but was planned and prepared for so well by our workforce that it became a nonevent. The other main challenges came from a rapidly changing operational environment and defense reform initiatives. DLA was fast becoming an integral part of the warfighting team, located well forward on the battlefield and responsible for larger and larger roles in the new joint logistics programs. Managing supply chains, modernizing our business systems, and introducing new strategic sourcing and distribution methods became key. And even while we were reorganizing and reengineering ourselves, we were able to reduce our workforce size by 45 percent, which was the smallest DLA had been since 1963. We found smart ways to do more with less. We also took on a lion's share of the new Defense Reform Initiative Directives, leading the way for a number of DoD efforts to become more efficient and effective. The numerous Hammer Awards and other recognitions received by DLA speak volumes about the superb performance of our workforce in

achieving the expected results.

Straw: One reason why I spent a lot of time answering your first question is I felt it would lay the framework for this and most of the rest of the questions you planned to ask me. With respect to specific challenges, clearly we had to meet our expanded responsibilities from the DMRDs. We had to develop and execute sound Base Realignment and Closure proposals. We had to prove we could do both of these while constraining the changes in total costs of our material and services well below allowable inflation adjustments. And it was vital that we focus some select teams on seeking out and implementing the best practices of both the private and public sectors.

But doing this was not just the result of trying to emphasize a series of somewhat independent challenges. We faced an overarching challenge, which was to prove DLA was a vital contributor to force readiness and cost containment. Frankly, large support organizations like DLA face that challenge on every director's watch. In my case, I arrived about a year after the end of the first Gulf War, at a time of likely significant retrenchment in DoD. At the same time, as I noted earlier, DLA needed to take on new roles via the DMRDs and prepare to restructure under the upcoming BRACs. So perhaps our biggest challenge initially was to restructure the headquarters organization. We had a broad collection of individual, stovepiped communities like acquisition, tech data, inventory management, etc., which had served DLA well up until then, but we needed to streamline and integrate our headquarters to meet our evolving responsibilities that required greater collaboration among our functional elements. And just as we started this process we found ourselves in a brand-new role supporting humanitarian relief in South Florida due to Hurricane Andrew.

Ultimately, execution of the DMRDs and development of the BRAC

1993 and 1995 proposals, both at the same time DoD and our customers were demanding improved support and dramatic cost reductions, proved to be the greatest challenges of my tenure.

Did you see the agency experience any growing pains during your tenure as things changed naturally with time?

Straw: Absolutely. What I just described demonstrated what had long been a theme at DLA and remains so today: the challenge of moving major strategic changes forward while simultaneously meeting new types of immediate support requirements. For another example, and as I mentioned earlier, we had to take on a DMRD-driven major expansion of warehousing while also finding a way to combine all the different related information technology underpinning into a standardized distribution system. That alone was a tough battle that was not completed until after my watch. At the same time, we had to deal with high expectations from the department, the entire administration and Congress for increased attention to a variety of techniques that would streamline performance based on finite strategic objectives, and significantly improve metrics tied to achieving real results and not just measuring effort. Beyond DMRD, BRAC and a few others I've mentioned, I won't recite the litany of additional acronyms associated with all this. Suffice to say it all added up to growing pains that I believe the agency handled quite well, both at the time and in resolving other challenges thereafter.

Glisson: Absolutely. As the agency pursued an aggressive business process reengineering and acquisition reform process, it began introducing best commercial practices and integrating emerging technologies. It changed from being a manager of items to a manager

of supply chains and enterprise services, using long-term corporate contracts and a greater reliance on commercial markets. Strategic partnerships with industry and the military services were initiated. And the DLA workforce underwent significant training to meet the challenges of these changes. As they had done throughout the agency's history, however, they rose to the occasion and made the transition without fanfare or problems, emerging even better prepared for their new roles.

What is your perspective on DLA's history leading up to your tenure?

Straw: Every leader brings his own perspective. As your current director, [Navy] Vice Adm. [Alan] Thompson, often says, DLA was started as a consolidator of wholesale and often remotely provided supply support inventory and distribution management functions. The goal was to do that as well as the various independent service providers had done, but do it more efficiently. I think DLA was quite successful in this role for many years, adding missions in property reuse and disposal, fuel management and more. But the early '90s changed the ballgame. When I relieved [Air Force] Lt. Gen. [Charles] McCausland, I inherited an effective DLA that was meeting its established mission requirements. This said, every director has faced challenges from the services to do it faster and cheaper. These traditional service requests for improvement – coupled with the cost additive DMRD challenges of expanded distribution and inventory missions and the growing requirement for enhanced forward logistics support – required us to implement the new technology-enabled supply chain processes taking hold in the private sector. Therefore, from my perspective, never before had DLA been asked to be so consistently nimble, innovative and deeply enmeshed with the services

and combatant commands. We were entering the world of direct retail-level support. Thus the environment made it both possible and necessary to make some major changes to our organizational alignments and policies.

Glisson: I am a firm believer that DLA today is built on the sacrifices, deeds and hard work of those who preceded us. Those early plank-holder employees built the base structure and paved the way for those who followed. Each generation of employees since has added its own improvements, achievements and initiatives to making it a better agency. We owe these people a huge debt of gratitude for what they did and gave us. They left us a wonderful heritage and legacy to be proud of and build upon. That is why I made a concerted effort to embrace that history in the DLA Headquarters Complex and established the McNamara Gallery. Our DNA for excellence, professionalism and spirit to support the warfighter resides therein. Fifty years ago, when Lt. Gen. Andrew McNamara activated the Defense Supply Agency, who would have guessed that we would have enjoyed so much success and growth? They did! That early vision has started a journey that continues today and will do so in the future. The real strength of DLA has always been and will always be its magnificent workforce. It is important we continue to capture, celebrate and record their history for future generations.

What was the relationship between headquarters and the field activities like when you were the director?

Glisson: While I would like to think it was good, I suspect it was probably the same as it has always been between any HQ and its field activities. [There is] always natural tension between the two. But with shared visions and goals and a single-minded approach to finding ways to better support warfighters, there were

no major problems. I always felt like I was blessed to have a superb leadership team that worked together very well to ensure DLA met its responsibilities. My deputy, sergeant major, [members of the Senior Executive Service], and general and flag officers were simply outstanding and worked very well together as a team.

Straw: Let's face reality: The relations between headquarters and its field components are always somewhat tense, even at their best. The headquarters sets policy and processes, seeks to properly resource the agency, monitors performance, and deals directly with a lot of influential stakeholders with varying and not always consistent interests. Field activities, some of them major commands themselves, carry out daily operations, directly face their mission-focused customers, and often have some great ideas about how to improve DLA's operational approaches and related policy. Sometimes headquarters must challenge the field and sometimes the field must educate headquarters. It's a tough dynamic at any time, and when I became director it was compounded by all the emerging issues like DMRDs, BRAC and others, plus the overall pressure to reduce the cost to our customers, many of whom – unfairly as it turned out – still saw DLA as overhead and not a true partner in their efforts.

That's a principal reason that I believe our restructuring of the headquarters and refining of its relations with the field was so important: Given what lay ahead, we could not afford any fragmented guidance from headquarters during a time of so much change.

What do you think were the most significant changes DLA went through during your tenure?

Glisson: I've already discussed many of these earlier. I want to emphasize a few others. The role and expectations of DLA changed. The

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agency emerged as a national provider and supply chain manager with the continued transfer of consumable items to DLA from the military services. Eighty-three percent of all consumable requisitions, 90 percent of all repair parts, 100 percent of all packaged petroleum and bulk fuel, and virtually all of the military clothing were being filled through DLA, along with food and medical supplies. Our ability to quickly and seamlessly transition support from peacetime to wartime had grown significantly.

The establishment of DLA lead centers and weapon systems support provided better enterprise management of our commodities and allowed our customers to interact with a single organization for their support needs. With the adoption of better strategic sourcing methods, we moved to more of a supply chain approach, moving from reliance on large DoD inventories to reliance on commercial markets, from management of individual items to management of long-term commercial contracts, from managing individual processes to managing integrated supply chains. Prime vendor, virtual prime vendor, direct vendor delivery, corporate contracts and on-demand manufacturing all became the norm as we evolved and changed. The net results were improved customer response and support and reduced operating costs. Our shift to the use of commercial business practices was huge and fueled our use of these new methods. DLA served as a catalyst for the revolution in business affairs and acquisition reform.

We developed better customer knowledge and focus with a more forward presence and on-site representatives, the use of a virtual call center, and the development and use of tailored support packages and stock positioning to be more responsive to the rapidly changing needs of the

warfighter. We armed our employees with the skills and experience they needed to adapt to the changing environment to be successful.

Straw: I have already described major mission expansion and process improvement changes that took place during my tenure. That said, I have not yet mentioned some of the most significant aspects of the organizational changes that allowed such radical policy, procedural and technological changes to be implemented so quickly and so successfully. First, the headquarters reorganization from stovepiped vertical functions to the more collaborative groupings of mission-related organizations was very important to our success. Second was strengthening the headquarters-field activity relationship by creating SES deputy commanders at the defense supply centers. This single decision promoted some of our best GS-15s to SES rank and provided the lower-level GS managers the opportunity to aspire to SES positions. I consider the loyalty that resulted from this decision to be one of the most critical ingredients in the well-recognized achievements of the agency from 1992-1996.

How much of a role did DLA play with humanitarian missions?

Straw: I think there's a misperception that DLA only got involved in this area in recent years. Actually, as we have already discussed, that role started becoming significant in the 1990s through efforts linked to Hurricane Andrew in 1992, the mission in Haiti in 1994, and in the Balkans starting in 1995. They were forerunners to DLA's current well-established role as a provider to the Federal Emergency Management Agency in the U.S. and supporter of forward-deployed humanitarian relief efforts, such as those recently in Haiti

in 2010 and this year in Japan after their massive earthquake.

Glisson: DLA has always been a huge participant and supporter for all humanitarian missions from Somalia in 1997 to all of the hurricanes, floods and other natural disasters that occurred during my tenure. That role continues today.

What do you feel have been DLA's greatest strengths throughout the years?

Glisson: Several things. First and most important, it's the workforce! Without any question, it is the sacrifice, professionalism, competency and dedication of the workforce that defines DLA as an organization. Regardless of the challenge or adversity, it always finds a way to deliver the right material, at the right time and place, every time, around the clock and around the world. DLA employees know that the lives of people are at stake and do everything within their power to ensure mission success. There are no greater patriots. They are flexible, resilient, constantly changing and improving, and totally dedicated to warfighters. And they have responded time and again to the change required to ensure success.

Second, DLA has had leaders who have been innovative, entrepreneurial, visionary and bold. [They are] not afraid to take those scary steps to question and challenge the status quo. Rather, they embrace change and continued process improvement as a norm, always looking for new ways to improve the agency's business processes and the ways it supports the warfighter. And they have forged great relationships with the warfighters and their industry partners. Lastly, they have had great support from the Office of the Secretary of Defense and its

staff, who have provided exceptional mentorship, funding and leadership.

Straw: A number of key factors combine to make an agency like DLA successful. I am sure all the past directors you will talk to will no doubt rightfully emphasize that DLA's strength is ultimately in its people. The civilian staff at all levels in both the field and at headquarters has been consistently superb. They bring the strong, experienced skills and deep commitment that are absolutely necessary for success. They – coupled with the talented, field-experienced military members assigned to DLA – teach each other and continue to improve the way DLA fulfills the expanding global readiness requirements of the services.

I was blessed during my four years to have arguably the best team of logistics leaders ever assembled in one command at the same time, and if my memory is correct, I had three future DLA directors, four future service or Joint Chiefs of Staff logistics chiefs, and over a dozen future civilian DLA hall of famers in senior leadership positions. I credit them and their staffs with the recognition that DLA and I personally received from DoD and the services when I retired in October of 1996.

I would also quickly note DLA's ability to evolve and to meet – no, to actually seek out – new challenges. By now I think that is ingrained in DLA's DNA. It's what enables the agency to adjust to a more direct role in industrial support, to offer initiatives that help meet the department's logistics efficiencies objectives, and to send qualified military and civilian staff forward with the troops.

Lastly, I must emphasize two other things that are often overlooked. One is DLA's proven ability to effectively manage the revolving fund that covers more than 98 percent of its budget

and must closely match the customers' buying power from DLA. Another is in having the tools to meet the mission. Here again, I think DLA has been very effective, both in providing the necessary IT support – such as the department's only completely implemented enterprise resource planning system – and in sustaining an effective military construction program in a complex environment where DLA is usually a tenant.

From your perspective as a DLA employee and customer, how did you see the agency evolve throughout the years?

Straw: I saw DLA evolve for years as a customer in my various Navy ship and shore assignments. But in that era – roughly the mid '60s until the mid '80s – DLA's role was often hidden behind the mask of the Navy's own retail stocks and warehouses. I didn't really start to get directly acquainted with DLA's capabilities until the late '80s and very early '90s when I was in senior staff roles and worked closely with some of the Navy's DLA leadership at that time, such as Rear Admirals Jim Eckelberger, Brady Cole and Jim Davidson. They were supporting General Charles McCausland in various efforts to encourage the Navy to make its requirements known more directly to DLA so the agency could do more than just react to Navy demands once the Navy had exhausted its own stocks. I am perhaps oversimplifying here, but not by much. Frankly, while I was still with the Navy staff I nonetheless did all I could to fight the DMRD decisions I talked about earlier. I loved DLA as an effective wholesale provider of backup stock but did not trust that such a large command with little pier-side experience could possibly be entrusted with direct retail support of our ships and aircraft. DLA proved I was wrong about this!

Of course when I came to DLA

in 1992 I was required to turn on a dime and do all I could to help make the DMRDs a success. And thanks to the great DLA staff and a lot of other strengths of DLA that I just talked about, that's what we did: make them a success. And DLA has continued to evolve ever since. The DLA 21 strategic plan, Business Systems Modernization, major increases in forward support in the past decade, and so much more [are things] that DLA can be quite proud of.

What are your thoughts on the state of the agency today?

Glisson: I'm proud to say I am a former DLAer! The agency's reputation is solid, and it is well respected by the warfighter community it serves. It has continued to evolve and mature over the years and is a much more capable organization today than during my tenure. It continues to be the premier logistics organization in DoD.

Straw: I think DLA is one of DoD's greatest assets, in terms both of overall supply support and also as a means to pursue the kinds of savings needed to help meet the increasingly restrictive budgets likely ahead. That said, I am still active in the broad private and public sector supply chain community, and I know DLA faces many challenges, like meeting industrial support requirements as equipment comes back from Iraq and eventually Afghanistan, refreshing the workforce as retirements become an issue in the years ahead, keeping up with technological change, preventing nonconforming or counterfeit parts from entering the supply chain, and many other factors like future fiscal constraints that will stress DLA itself and DoD across the board. But over the years, for all the reasons I've already discussed, I have learned that DLA meets its challenges, and I have great faith it will continue to do so in the years ahead. ☀

Money Matters

DLA Warner-Robins

STREAMLINING OPERATIONS

Story by Trinace Johnson, DLA Aviation Public Affairs

A recent overhaul of processes is allowing Defense Logistics Agency Aviation's Gyro Support Cell at Warner Robins, Ga., to increase efficiency in supplier operations and provide better support to customers.

"We started ... with a complete review of building production," said Marcel Baril, the team's supervisor.

His team inventoried all the parts it had on hand and looked into a history of customer demands to figure out how to best support their needs.

Mark Eblen, a customer support specialist on the team, said the team has focused on material support requirements.

"We have adopted an aggressive approach to identify, mitigate and correct insufficiencies on material support requirements," Eblen said. "This has

resulted in reduced customer wait time, reduced unfilled and awaiting parts back orders, and reduced maintenance wait and lag time[s]."

The new approach has significantly decreased the number of items waiting for parts, Eblen said.

"One of the areas ... we are most proud of is the decrease of items in awaiting parts status. We have had ... a 72 percent decrease since September 2010."

Communication and cooperation have been key in the changes the team has made, said Kenneth Edney, another of the team's customer support specialists.

"We really just tweaked the way we do business," he said. "It all comes down to communication and cooperation. We have a great relationship with our customers ... as well as with our schedulers and planners. These folks

know they can depend on us and us [on] them with any problems or concerns that may arise," he said.

Baril said the team's accomplishments came in part from efforts to educate customers.

"We had to let them know the supply chain process and explained how it would help them with their demands of parts," he said.

After that, Baril said, customers began notifying DLA Aviation in advance of their parts requirements, and his team was able to forecast those demands and immediately meet the customers' needs.

"We had to let our customer know how they could forecast to us their future demands instead of waiting for the system that could take six to eight months to create a demand plan," he said. "When our customer knows or sees there will be spikes in demand or there is a new requirement, the quickest way to forecast these demands to us for immediate consideration of procurement is through the demand data exchange process."



Customers began notifying DLA Aviation in advance of their parts requirements, and the team was able to forecast those demands and immediately meet the customers' needs.



A Sailor signals to an MH-60 Seahawk pilot with Helicopter Sea Combat Squadron 2 during flight operations aboard the USS San Antonio. DLA Aviation's Gyro Support Cell recently overhauled its operations to enhance its efficiency.

— Navy Petty Officer 1st Class Edwin F. Bryan

Military customers are often under the impression that present demands automatically make DLA aware of future demands, Baril said, but that is not necessarily the case.

Baril said the DDE process has changed from past incarnations. Input responsibility and forecasting now go through the new Planning for DLA Managed Consumables Office at Tinker

Air Force Base, Okla. Representatives at each air logistics center forward forecasts to the DMCO for review. The process allows customers to forecast out two to five years and allows temporary systemic planning until actual demand catches up with forecasted demand, Baril said.

"We have also submitted requests to initiate manual stock transfers from other distribution sites to DLA Distribution at

Warner Robins," Baril said.

He said that by moving stock from other distribution sites, three- to 14-day waits can be cut to a point at which his team is able to bring needed items right out to customers.

"What it boils down to is our ultimate goal: supporting the warfighter," Edney said. "We all feel proud and honored to be working towards that goal." ★

We are DLA

DEFENSE LOGISTICS AGENCY DISTRIBUTION

Hill, Utah

Story by Sara Moore

In addition to its typical receipt, storage and issue functions, a DLA Distribution center in northern Utah performs a unique mission that could mean the difference between life and death for troops on the front lines.

DLA Distribution Hill, Utah, a tenant of Hill Air Force Base, assembles the Army's deployable medical systems — self-contained, portable units that can be positioned quickly in an area of operations during war or a national emergency. The distribution center assembles, modifies, repairs, rebuilds, certifies and stores

modular units that can contain operating rooms, X-ray equipment, blood labs and pharmacies and range in size from a single general-purpose lab to a 1,000-bed hospital containing 12,000 items.

"Once on the ground, a modular hospital can be created from these standard-sized containers and tents that can be linked together like blocks to make a combat support hospital," said Andrew Konrad, director of DLA Distribution Hill. "It is literally a hospital in a box, minus the medical staff."

A team of about 90 civilian employees

work on this mission at DLA Distribution Hill. In addition to the deployable systems, they assemble various first-aid kits and repair medical shelters.

DLA Distribution Hill works closely with the U.S. Army Medical Materiel Agency on these missions, Konrad said, and in addition to assembling kits, employees disassemble used kits and determine which supplies can be reused and which need to be disposed of.

The other side of DLA Distribution Hill's mission is normal depot operations to support local Air Force customers, specifically the Ogden Air Logistics Center, also located on Hill AFB. The distribution center supports the Ogden ALC for Minuteman and Peacekeeper missiles, the emergency rocket communication system, F-16 Fighting Falcons, A-10 Thunderbolts, C-130 Hercules, and the Air Force-wide depot-level overhaul and repair for all types of aircraft landing gear, wheels, brakes and tires.

Since 2002, depot operations at DLA Distribution Hill have been government-owned and contractor-operated, Konrad said. The 283 contractor employees perform day-to-day operations with oversight from a government activity made up of 26 civilian employees, he said. The contractors manage more than 1 million square feet of warehouse space in four warehouses and more than 1 million square feet of outdoor storage space in two storage lots. These facilities, along with six satellite locations on Hill AFB, house more than 100,000 different items valued at more than \$6.8 billion. DLA Distribution Hill averages issues and receipts of more than 1.3 million items annually.

"We are a vital link in the DLA



Air Force Tech. Sgt. Christine Jones

An Army medic practices X-ray procedures on a simulation dummy at Fort Hunter Liggett, Calif. DLA Distribution Hill, Utah, assembles all of the Army's deployable medical systems.



An Air Force A-10 Thunderbolt II returns from a mission above Afghanistan in support of Operation Enduring Freedom. The depot at DLA Distribution Hill, Utah, supports A-10 Thunderbolts, along with other aircraft and weapon systems, in its support of the Ogden Air Logistics Center.

Distribution mission," Konrad said. "We provide key distribution operations to include receiving, storage, packing, issue and shipping of Air Force weapons system spare parts to our local and colocated industrial customers."

DLA Distribution Hill is a forward distribution point, meaning it is located close to its customers and reports back to the nearest strategic distribution platform, in this case DLA Distribution San Joaquin, Calif. Being close to its customers allows the organization to stay in touch with and adapt to their needs, Konrad said.

"Being a smaller distribution center,

we have our daily interaction with our customers all the time," he said. "So as their needs change, we're a little more flexible with them."

The 2005 Base Realignment and Closure process brought welcome changes to DLA Distribution Hill, Konrad said. To meet goals set forth in the legislation, the operation consolidated its warehouse space and converted unused space into storage areas. Specific projects included tearing out and removing unused conveyors, reconfiguring and consolidating the receiving process and packaging area, installing a streamlined overhead conveyor system to maximize

floor space, installing a new dimension and weigh system, and installing energy-efficient lighting. The reconfiguration and consolidation resulted in the availability of about 56,000 square feet that can now be used for storage, including about 34,000 square feet for pallet racks, 7,500 square feet for package racks, and 15,000 square feet for a walk-to-pick area.

"BRAC gave us the funding to utilize a lot of the wasted space, so we're able to maximize our efficiencies and improve our space and storage areas," he said. "We were able to operate a lot more efficiently."

Konrad said he anticipates DLA Distribution Hill's mission will grow as the Defense Department continues to make budget cuts and consolidate resources.

"DLA Distribution has a proven track record for providing effective, efficient and innovative worldwide distribution support to our warfighters and other customers," he said. 

Since 2002, depot operations at DLA Distribution Hill have been government-owned and contractor-operated. The 283 contractor employees perform day-to-day operations with oversight from a government activity made up of 26 civilian employees.



Navy Petty Officer 3rd Class David Smart

MISSION COMPLETE

Story by Sara Moore

Six years ago, the Defense Department handed the Defense Logistics Agency a large order: to realign the way it stores and distributes supplies while taking on new responsibilities from the military services and expanding its mission base. The agency has traveled a long and sometimes challenging road since then, but in September it finished implementing

actions related to the 2005 Base Realignment and Closure legislation.

DLA successfully met the Sept. 15 legal deadline for implementing the BRAC 2005 recommendations.

BRAC 2005 mandated 113 actions for DLA, said Redding Hobby, deputy director of DLA Logistics Operations. Hobby led BRAC 2005 implementation for the past two years as executive director of

Sailors install a hydraulic backup pump on an MH-60S Seahawk helicopter on the flight deck of the USS Wasp. The management of depot-level reparables, such as helicopter engines, was transferred to DLA under BRAC 2005.

strategic programs for DLA Logistics Operations. The agency had completed 95 of the actions as of mid-July, and the remaining 18 were completed by September, he said.

The three BRAC 2005 recommendations that most affected DLA were in the supply and storage area. They dealt with changes in the agency's supply, storage and distribution; the addition of managing depot-level reparables – parts that can be repaired or reused through their usable life, like transmissions and vehicle engines; and commodity management privatization.

Under the commodity privatization recommendation, DLA created vendor contracts to manage the supply, storage and distribution of tires, compressed gases, and packaged petroleum, oils and lubricants, Hobby said.

"Instead of spreading tires all across the services and motor pools and depots across the U.S. and overseas, we privatized that, so a contractor delivered that

material and it belonged to the contractor until the service needed it," he said.

The supply, storage and distribution recommendation yielded some great successes, Hobby said. Specifically, the agency freed up 11.6 million square feet of warehouse space, which will save the Defense Department a lot of money in the long run, he said.

Another success was the transfer of responsibility for consumable items from the services to DLA. In addition to transferring management of 85,977 items to DLA from the services, the transfer process was also streamlined.

Besides immediate successes, BRAC 2005 is also laying a foundation for future changes that will further enhance the way the agency does business, Hobby said. BRAC 2005 was really a realignment for DLA and transferred functions and personnel from the military services to the agency and then consolidated inventory, he said. This process showed the potential economies of scale that can be achieved with one activity managing a supply chain, and DLA leaders are now using that model to improve other areas of the agency's business, he said.

"The ability to look beyond BRAC and optimize how we do business has been, I think, the primary benefit that we've learned as we go into the post-Sept. 15, 2011, timeframe," Hobby said.

Hobby said he believes DLA will reap the benefits of BRAC 2005 for several years to come as efficiencies from the realignment continue to grow. In its 50 years, DLA has always focused on providing excellent warfighter support, he noted, but the BRAC process has allowed the agency to look for potential ways to continue that high level of support while also saving money and becoming more efficient.

A Marine installs a new tire on a rim at Camp Leatherneck, Afghanistan. Commodity privatization, one of the BRAC 2005 recommendations, privatized the supply, storage and distribution of tires.

"BRAC has given us a way to look at that same effectiveness now from an efficiency standpoint, to take on some of those multiple ways of doing business that we accommodated for each service and now do a realignment for that and become much more efficient," he said. "That saves money, it saves work and effort, and sometimes, it saves frustration."

Transferring functions from the military services to DLA and realigning the way the agency does business so that in some cases it works directly with an artisan on a manufacturing line has been a cultural challenge for both DLA and the services, he said. He credits the DLA change management strategy, which strived to keep leaders and workers on all levels informed, and dialogue between DLA leaders and the military services with helping overcome that challenge.

Also key to overcoming these chal-



lenges and successfully implementing the BRAC 2005 changes was the dedication of the DLA employees at all levels who were involved in the process, Hobby said. Many of those involved worked on the process for its whole six-year span and were instrumental in its implementation, he said.

"It's been the people: their skill, their commitment, their dedication, their courage in some cases to go into some places that DLA has not been before," he said. "The commitment, the skills and the dedication that the people have shown has just been amazing." ♦





I AM

DLA

My name is:
Army Maj. Jason Fairbanks.

I am:
Chief of the Medical Materiel Executive Agent Division.

Describe your job in a sentence:
We handle end-to-end medical supply chain and distribution management for DLA Troop Support.

How long have you worked for DLA?
Since May 26, 2009.

What is your favorite thing about working for DLA?
Being part of the medical logistics enterprise that provides the

strategic framework that will improve medical logistics support to the Department of Defense.

What is your best memory of working here?
Deploying as the operations officer for the DLA Support Team

Kandahar, Afghanistan. The highlight of the deployment was bringing the helium transfill facility online to support operations in Regional Command-South and RC-Southwest. Helium support involved a tremendous amount of work from DLA Energy, the DLA Support team and U.S. Forces-Afghanistan, and seeing the first helium containers filled in Kandahar was a great milestone for our team.

How do you make a difference to warfighters?
By providing world-class medical logistics support around the globe.

Jason Fairbanks

